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NEA/ARPI BAGWELL AND MASILKO, EEB/ESC/TFS BONDY

E.O. 12958: DECL: 4/16/2018

TAGS: [ECON](#) [PREL](#) [ETRD](#) [PGOV](#) [AE](#) [IR](#)

SUBJECT: IRANIAN TRADE AND TRAVEL TO UAE INCREASINGLY DIFFICULT

REF: A. 2007 IRPO DUBAI 0068; B. IRPO DUBAI 0067

CLASSIFIED BY: Paul Sutphin, Consul General, Consulate Dubai,  
DOS.

REASON: 1.4 (b), (d)

¶1. (C) Summary. During an April 6 visit by Steven Bondy, EEB's Director of Terrorism Finance and Economic Sanctions Policy, Hamad Buamim, Director General of the Dubai Chamber (DC), formerly known as the Dubai Chamber of Commerce and Industry, DC Advisor Abdullah Sharafi and JAFZA (the free zone subsidiary of Dubai government owned Dubai World) Vice President Dr. Mohammed Al Banna independently noted increased difficulties faced by Iranian nationals seeking to visit and do business in the UAE. End Summary.

Iranian travel to UAE is getting more difficult,  
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¶2. (C) Hamad Buamim, Director General of the Dubai Chamber (DC), formerly known as the Dubai Chamber of Commerce and Industry, and Abdullah Sharafi, DC Advisor, commented that Iranians are under more scrutiny when applying for tourism, residency and work visas to the UAE and that over the past 6 months, visas have become increasingly difficult for Iranians to procure (ref A). Jafza Vice President Dr. Mohammed Al Banna also observed that he has seen significant declines in UAE visas being given to Iranian nationals seeking to visit or work in the UAE. He said that while JAFZA serves as the sponsoring agency of companies and individuals applying for business licenses and residency permits, it was the UAEG that makes the determination to approve or refuse applications.

And moving money is more difficult,  
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¶3. (C) In conjunction with tightening visas, Sharafi noted that over the past six months payments and other banking channels were tightening and becoming more difficult for businesses to negotiate. He stated many Dubai banks are now refusing to honor letters of credit drawn on Iranian banks or for Iranian businesses (ref B). He also noted that Euro denominated funds transfers to Iranians/Iranian businesses are becoming difficult to execute. Both Sharafi and Buamim were quick to point out a perceived inequity in that some (unnamed) European companies and

banks were still accepting Iranian letters of credit and executing Euro fund transfers. They stressed that Iran is a close neighbor (80 miles away), a major source of agricultural produce for the UAE market and more importantly, a large market with "many needs" presenting opportunities to Dubai businesses (Note. Dubai non-oil exports to Iran topped \$9.7 billion last year. End note.)

And Iranians can't open a business at JAFZA

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14. (C) Jafza Vice President Dr. Mohammed Al Banna stated that there are only 60-70 Iranian companies currently operating out of the free zone (out of a total of some 2,000). In addition, acceptance of Iranian applications to the free zone has been indefinitely suspended, and all companies' applications are now subject to extensive research on their holding and ownership relationships before approval is granted.

But dual use products are a "grey area"

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15. (C) Sharafi and Buamim also complained that dual-use products present a substantial grey area to local Dubai-based businesses. Sharafi lamented that "it's such a big list, it takes several days to go through, and everything is in there." Sharafi also noted local business' concerns that they might be legally implicated if a business they sell to turns around and subsequently re-sells dual-use goods to an Iranian company. Sharafi said that some US companies are now asking their UAE agents to sign legal documents accepting responsibility should US originated products inadvertently make their way to Iranian markets. While some UAE traders are willingly signing such documents, Sharifi said, others are reportedly hesitant to do

so. (Note: US Embassy Abu Dhabi officials plan to brief DC members soon on OFAC's Specially Designated Nationals list and US Department of Commerce's Commerce Control List of dual-use products. End Note.)

Comment

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16. (C) Both Post and the Iran Regional Presence Office have been hearing anecdotal stories of the increasing difficulties experienced by Iranians seeking residential, work and visit visas to the UAE; however, this is the first time we have heard Dubai quasi-officials openly discussing restrictions on Iranian visas and trade (DC is not officially part of the Dubai governments, although it is heavily influenced by Dubai official policy; JAFZA, while Dubai Government-owned, generally operates as a private sector-type entity focused on profit, and is not a policy voice for that government). While neither the DC nor JAFZA are actively involved in UAEG visa policy, it is noteworthy that they are commenting on the issue to USG officials. Furthermore, their comments regarding difficulties in funds movements and letters of credit confirm that sanctions and concerns such as commercial and prudential risk are effectively slowing down UAE-Iran trade. End Comment.

SUTPHIN